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ARIZONA CORPORATION COMMISSION

November 5, 2004

Mr. Richard L. Sallquist SALLQUIST & DRUMMOND, P.C. 4500 S. Lakeshore Drive, Suite 339 Tempe, AZ 85282

RE: VALLEY UTILITIES WATER COMPANY, INC.— APPLICATION FOR A RATE INCREASE, DOCKET NO. W-01412A-04-0736

LETTER OF DEFFICIENCY

Dear Mr. Sallquist:

In reference to your rate application received on October 7, 2004, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff has found several deficiencies with your application, which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the company corrects the deficiencies and Docket Control receives an original and sixteen copies of the corrected pages.

You have 15 calendar days, or until November 22, 2004, to correct the deficiencies or make other arrangements with Staff to remedy your rate application. If the corrections or other arrangements are not made by the above date, Staff will request your docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and sixteen copies of an updated application at a later date.

The Staff person assigned to your application is Dennis R. Rogers. He can be reached at (602) 542-0871, or toll free at (800) 222-7000, if you have any questions or concerns.

Arizona Corporation Commission

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Sincerely,

Yames Do

Chief, Financial & Regulatory Analysis Section

Utilities Division

CC: Docket Control Center (sixteen copies)
Lyn Farmer, Hearing Division
Delbert Smith, Engineering
Consumer Services
Legal Division

VALLEY UTILITIES WATER COMPANY, INC. W-01412A-04-1736

List of Deficiencies:

- 1. Maricopa County ADEQ compliance status
- 2. ADEQ MAP invoice
- 3. Water use data sheet
- 4. Plant inventory of the plant-in-service
- 5. Curtailment and backflow prevention tariffs, if not previously filed.